

NATIONAL CREDIT UNION SHARE INSURANCE FUND

Your savings federally insured to \$100,000

NCUA

*National Credit Union Administration
a U.S. Government Agency*

Final FINANCIAL HIGHLIGHTS DECEMBER 31, 2003

**DENNIS WINANS
CHIEF FINANCIAL OFFICER**

NCUSIF FINANCIAL HIGHLIGHTS
December 31, 2003

Balance Sheet:

Due from Credit Unions — of \$.9 million represents the remaining amount of one percent deposit adjustments due from credit unions on October 17, 2003.

Recoveries From Liquidated Credit Unions — balance decreased by \$.7 million due primarily to the revaluation of a loan portfolio from a liquidated credit union in Region 1.

Interest Receivable — net increase of \$6.0 million due to a combination of \$17.5 million in accrued interest earned and payments of \$11.6 million received by the NCUSIF in December.

Prepaid & Deferred Charges — is \$0 million for December. \$7.5 million was transferred to the operating fund to cover 62% of the agency's operating costs. December's actual operating costs were \$9.4 million. The difference was recorded in accounts payable (other).

Other Assets — represents balance due to the NCUSIF from monies loaned to NCUA for purchase of the King Street building.

Accounts Payable: Other — consists primarily of additional operating costs incurred in December.

Provision for Credit Union Losses (Reserves) — of \$76.7 million includes new reserves of \$2.5 million that were added for December.

NCUSIF Equity — decreased to 1.27% for December. The equity ratio is based upon an insured share base of \$478.5 billion for December 31, 2003.

Statement of Revenue and Expense:

NCUSIF Total Operating Expense — of \$9.4 million includes \$32.2 thousand in direct expenses paid by the NCUSIF for state examiner training, leasing expense for state examiner laptop computers, and other insurance related items.

Insurance Loss — is \$2.5 million for December. \$1.5 million is an increase to the National Pool Reserve and \$1.0 million is for new reserves or reserve increases for specific problem credit unions.

TABLE 1 - NATIONAL CREDIT UNION SHARE INSURANCE FUND
BALANCE SHEET
DECEMBER 31, 2003

ASSETS	DECEMBER 2002	NOVEMBER 2003	DECEMBER 2003
Investments:			
U.S. Government Securities	\$5,544,223,137.09	\$6,074,433,148.60	\$6,074,557,557.30
Advances to Credit Unions:			
Capital Notes (NCUSIF Subordinated Notes)	0.00	0.00	0.00
Share Deposits	0.00	0.00	0.00
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Total Advances to Credit Unions	0.00	0.00	0.00
Other Receivables:			
Due from Credit Unions	3,700,864.17	3,280,961.79	879,363.95
Loans due to NCUSIF	0.00	1,711,419.24	1,711,419.24
Recoveries from Liq. CU	15,416,168.72	12,907,793.55	12,219,135.42
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Total Other Receivables	19,117,032.89	17,900,174.58	14,809,918.61
Cash	5,807.35	5,558.24	5,617.46
Interest Receivable	69,172,846.72	39,813,852.76	45,761,005.91
Prepaid & Deferred Charges	0.00	1,956,801.98	0.00
Leased Assets	152,597.00	887,271.18	930,405.51
Other	29,032,685.62	26,595,261.16	26,487,016.37
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TOTAL ASSETS	\$5,661,704,106.67	\$6,161,592,068.50	\$6,162,551,521.16
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LIABILITIES			
Accounts Payable:			
Liquidation Claims	\$6,227,455.54	\$7,950,279.22	\$9,540,618.50
Other	669,282.06	228,230.77	2,017,754.14
Check Clearing Accounts	3,192.95	19,569.81	0.00
Dividend Check Clearing	0.00	0.00	0.00
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Total Current Liabilities	6,899,930.55	8,198,079.80	11,558,372.64
Provision for CU Losses (Reserves)	47,542,910.79	77,788,709.26	76,666,862.48
Lease Liabilities	164,680.09	934,866.72	936,263.84
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TOTAL LIABILITIES	\$54,607,521.43	\$86,921,655.78	\$89,161,498.96 1/
EQUITY			
CU Contributed Capital	\$4,267,169,452.71	\$4,704,567,945.04	\$4,704,595,868.57
Retained Earnings	1,339,927,132.53	1,370,102,467.68	1,368,794,153.63
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TOTAL EQUITY	\$5,607,096,585.24	\$6,074,670,412.72	\$6,073,390,022.20
TOTAL LIABILITIES & EQUITY	\$5,661,704,106.67	\$6,161,592,068.50	\$6,162,551,521.16
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COMPARATIVE ANALYSIS OF BALANCE SHEET RATIOS
for Period Ending December 31, 2003

	DEC 02	NOV 03	DEC 03
1/ Does not include \$126 thousand in outstanding line of credit guarantees.			
1. Investments/Total Assets	97.92%	98.59%	98.57%
2. Ret. Earnings/Insured Shares	1.27%	1.28%	1.27%
3. Prov. for Losses/CU Capital	1.26%	1.26%	1.63%
4. Non-Earning/Total Assets	1.56%	.98%	1.00%
5. Available Asset Ratio	1.26%	1.26%	1.26%

TABLE 2 - STATEMENT OF REVENUE AND EXPENSE
FOR THE PERIOD ENDING DECEMBER 31, 2003

INCOME	CURRENT MONTH	CURRENT MONTH BUDGET	CY TO DATE 2003	CY TO DATE BUDGETED 2003	CY TO DATE 2002
Investment Income	\$10,580,544.75	\$14,100,000.00	\$151,174,637.16	\$171,800,000.00	\$213,251,978.56
Other Income	33,876.56	75,000.00	760,823.71	915,000.00	1,226,420.33
Total Income	10,614,421.31	14,175,000.00	151,935,460.87	172,715,000.00	214,478,398.89
EXPENSE					
Employee Pay	4,782,106.53	4,854,127.30	\$52,144,570.09	55,134,773.55	52,555,196.61
Employee Benefits	1,328,439.84	1,189,849.24	\$12,507,090.80	13,551,923.63	12,449,784.28
Employee Travel	453,389.89	660,211.55	\$6,210,360.55	7,922,538.54	6,763,853.49
Rent/Communications/Utilities	236,936.98	227,221.48	\$2,443,501.46	2,726,657.87	2,533,277.31
Administrative Costs	1,499,862.89	587,928.35	\$6,223,745.56	7,055,140.11	5,639,138.50
Contracted Services	1,113,599.64	350,523.95	\$3,628,642.19	4,206,287.36	3,241,199.98
Subtotal NCUA Operating E	9,414,335.77	7,869,861.87	83,157,910.65	90,597,321.06	83,182,450.17
AMAC Expense	2,475.10	1,250.00	31,969.99	15,000.00	7,667.27
Training Expense	68,725.32	100,000.00	1,212,774.08	1,200,000.00	1,345,459.47
Leasing Expense	(41,737.21)	49,400.00	476,110.93	592,800.00	621,773.57
Other Insurance Expense	2,729.99	17,500.00	146,906.00	210,000.00	209,541.04
Total Operating Exp.	9,446,528.97	8,038,011.87	85,025,671.65	92,615,121.06	85,366,891.52
Insurance Loss	2,476,206.39	2,000,000.00	38,042,768.12	24,000,000.00	12,513,029.00
Total Expense	11,922,735.36	10,038,011.87	123,068,439.77	116,615,121.06	97,879,920.52
NET INCOME	(\$1,308,314.05)	\$4,136,988.13	\$28,867,021.10	\$56,099,878.94	\$116,598,478.37
Retained Earnings, Beginning of Year			\$1,339,927,132.53		\$1,223,328,654.16
Prior Year Adjustment			0.00		0.00
As Restated			1,339,927,132.53		1,223,328,654.16
Net Income			28,867,021.10		116,598,478.37
Dividends			1,368,794,153.63		1,339,927,132.53
Retained Earnings, End of Year			\$1,368,794,153.63		\$1,339,927,132.53

Comparative Analysis of NCUSIF Ratios for December 31, 2003

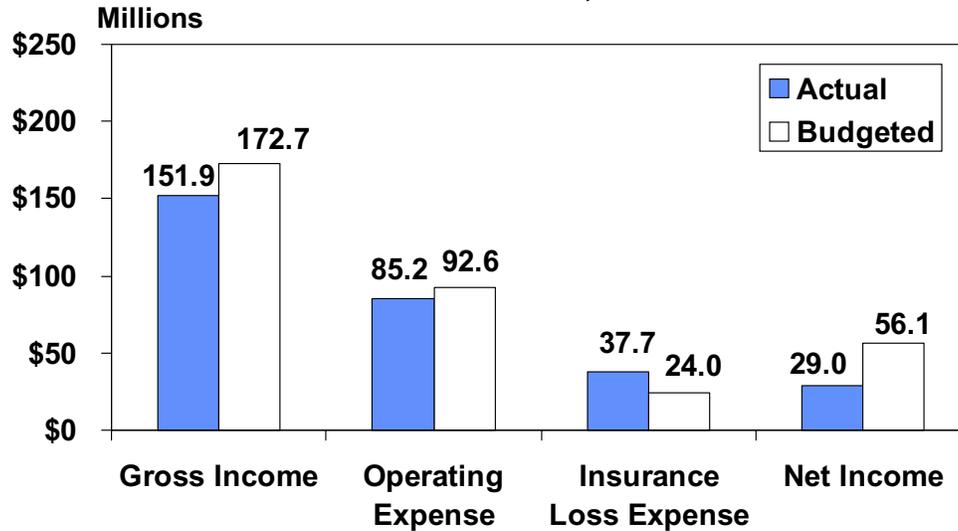
INCOME STATEMENT RATIO	LAST MONTH	THIS MONTH	PRIOR FYTD	CURRENT FYTD
1. Oper. Exp./Total Income	60.20%	89.00%	38.86%	55.96%
2. Ins. Loss/Total Income	41.86%	23.33%	5.48%	25.04%
3. Total Exp./Total Income	102.06%	112.33%	44.34%	81.00%
4. Net Income/Total Income	-2.06%	-12.33%	55.66%	19.00%
5. Ins. Loss/Insured Shares	0.00%	0.00%	0.00%	0.01%

TABLE 3 - STATEMENT OF CASH FLOWS
December 31, 2003

CASH FLOWS FROM OPERATING ACTIVITIES:	
Income from investments	\$174,586,477.97
Other income received	(950,595.53)
Cash paid for operating expenses	(83,204,281.59)
Net cash (paid) received for insurance losses	<u>(2,408,620.17)</u>
Net cash provided by operating activities	88,022,980.68
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investments, net	(530,816,755.90)
Collections on note receivable - National Credit Union Administration Operating Fund	<u>2,545,669.25</u>
Net cash provided by (used in) investing activities	(528,271,086.65)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Contributions from insured credit unions Cont Cap acct	440,247,916.08
Dividends to insured credit unions	<u>0.00</u>
Net cash provided by financing activities	440,247,916.08
NET INCREASE (DECREASE) IN CASH	(189.89)
CASH, BEGINNING OF YEAR	5,807.35
CASH, ENDING December 31, 2003	<u><u>\$5,617.46</u></u>

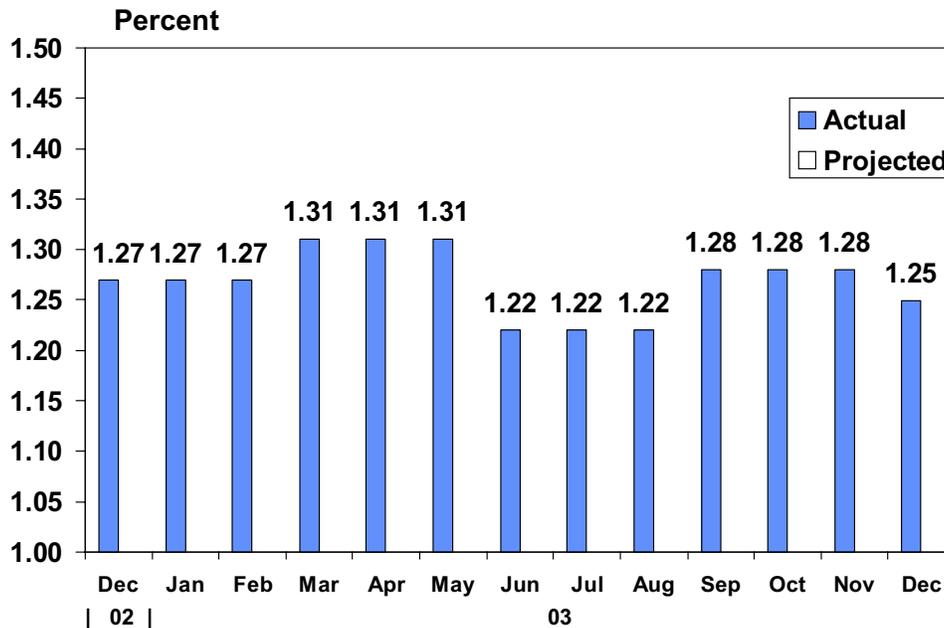
REVENUE AND EXPENSE

December 31, 2003



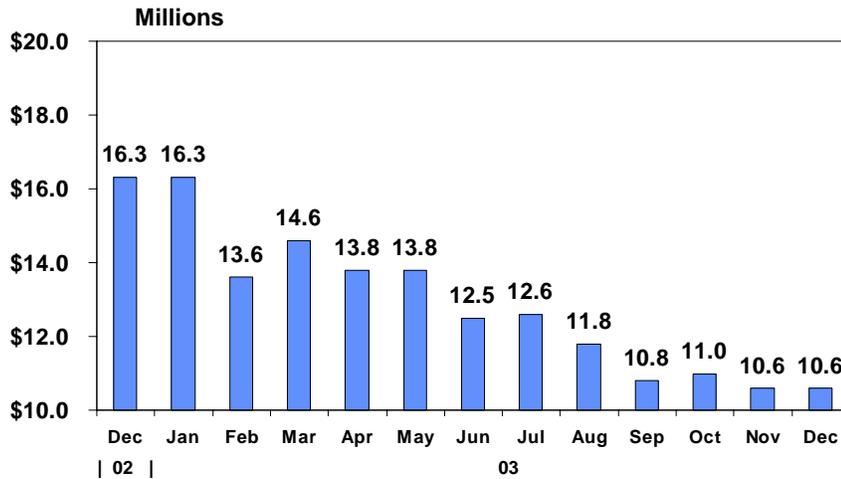
NCUSIF EQUITY RATIO

December 31, 2003



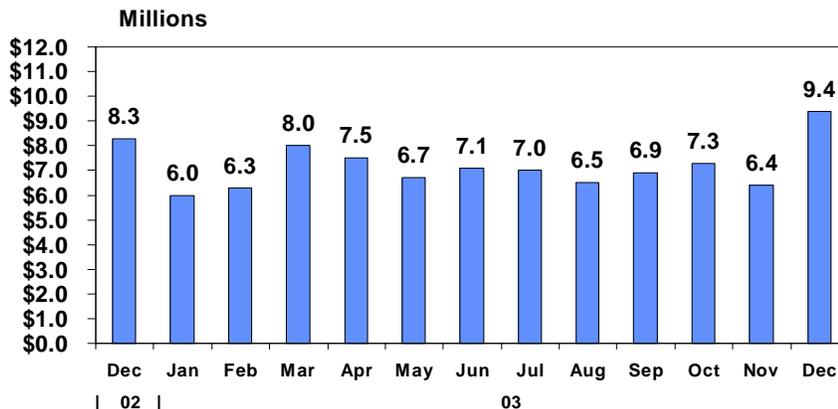
GROSS INCOME

December 02 – December 03



OPERATING EXPENSE

December 02 – December 03



INSURANCE LOSS EXPENSE

December 02 – December 03

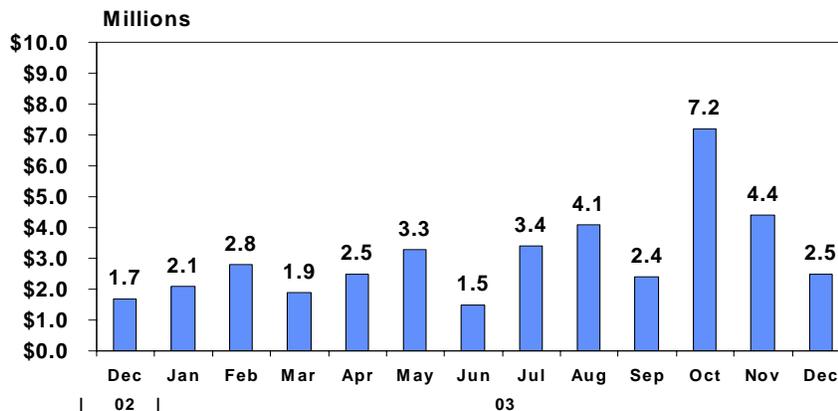


TABLE 4

INVESTMENT PORTFOLIO SUMMARY

December 31, 2003

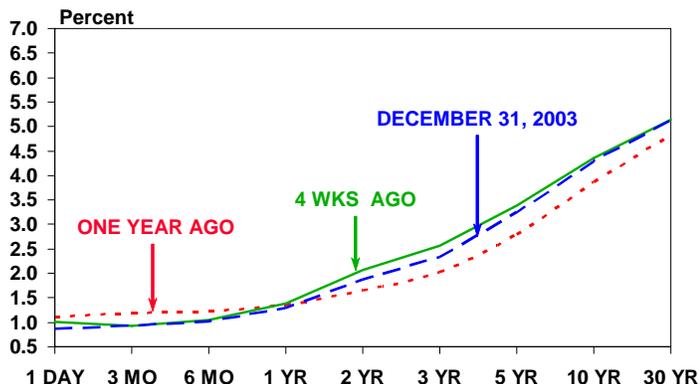
I. INVESTMENT PORTFOLIO BALANCE AND MARKET VALUE					
	Book Value	Market Value	(Gain or Loss)	% Market to Book Value	Weighted Average Yield
Daily Treasury Account	\$1,364,948,000	\$1,364,948,000	\$0	100.0%	1.00%
U.S. Treasury Notes	\$4,709,609,557	\$4,735,125,000	\$25,515,443	100.5%	1.86%
TOTAL	\$6,074,557,557	\$6,100,073,000	\$25,515,443	100.4%	2.01%

II. INVESTMENT PORTFOLIO PERFORMANCE				
	Last Month	Current Month	CY To Date	CY03 Projections
Investment Yield	2.08%	2.02%	2.57%	3.00%
Investment Income	\$10,516,570	\$10,580,545	\$151,174,637	172 Million
Income Budgeted	\$14,100,000	\$14,100,000	\$171,800,000	172 Million
Income/Budgeted Ratio	74.6%	75.0%	88.0%	100.00%
Avg. Maturity in Days	379	367	351	

III. MONTHLY ACTIVITY				
Purchase	Type	Amount	Maturity	Yield
TOTAL		\$0		

IV. MATURITY SCHEDULE (par value in millions)	
3 months or less	1,764.9
3 months - 1 year	2,100.0
1 year - 2 years	1,900.0
2 years - 3 years	200.0
3 years - 4 years	0.0
TOTAL	5,964.9

TREASURY YIELD CURVE



MATURITY SCHEDULE

December 31, 2003

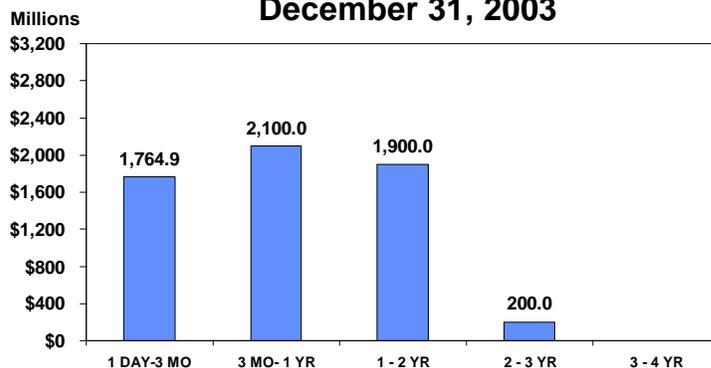


TABLE 5

INTEREST RATE COMPARISONS

December 31, 2003

INTEREST RATE COMPARISONS								
	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03
NCUSIF Yield	2.76%	2.58%	2.52%	2.35%	2.21%	2.11%	2.08%	2.02%
90 day T-Bill	1.10%	0.89%	0.94%	0.96%	0.91%	0.95%	0.93%	0.93%
1 year T-Bill	1.17%	1.06%	1.33%	1.38%	1.15%	1.30%	1.38%	1.29%
2 year T-Note	1.35%	1.29%	1.92%	2.04%	1.47%	1.85%	2.07%	1.86%
30 year T-Note	4.39%	4.55%	5.46%	5.30%	4.88%	5.15%	5.14%	5.10%

**INTEREST RATE COMPARISONS
DECEMBER 31, 2003**

